

## 1.17.06 - Rep. Rahall Supports Legislation To Reduce Interest Rates On Student Loans

WASHINGTON, DC - U.S. Rep. Nick J. Rahall (D-WV) hailed the passage of legislation passed by the House of Representatives today that will take the first step in making college more affordable and accessible by lowering the interest rates on student loans.

H.R. 5, the College Student Relief Act, passed the House by a vote of 356 to 71.

"This is a great victory for West Virginia families and students," Rahall said. "In West Virginia there are more than 34,000 four-year college students with student loans - who all would benefit from this bill. Once fully phased in, the bill would save the average four-year college student in West Virginia starting school in 2011 with student loans \$4,020 over the life of their loans."

The legislation will cut interest rates on need-based federal loans for undergraduate students from 6.8 percent to 3.4 percent in five steps: from 6.8 percent to 6.12 percent in 2007; 5.44 percent in 2008; 4.76 percent in 2009; 4.08 percent in 2010; and 3.40 percent in 2011.

This bill will be paid for by making the program more efficient and effective for students and the government - at no new cost to taxpayers.

The bill comes at a critical time for America's low-income and middle-class families.

Tuition and fees at four-year public colleges and universities have risen 41 percent - after inflation - since 2001. According to the College Board, headed by former W.Va. Governor Gaston Caperton, the total cost of one year of college for the 2006-2007 academic year is \$33,270. This includes the average tuition, fees, room and board at the 500 independent colleges included in the Independent College 500 Index.

Meanwhile, the typical student now graduates with \$17,500 in total federal student loan debt. According to past estimates from the Department of Education, as many as 200,000 would-be students are forced to delay or forgo attending college altogether due to the cost.

Without changes, by the year 2020, the United States is projected to face a shortage of up to 12 million college-educated workers, directly threatening America's economic strength, according to projections from the American Youth Policy Forum.

"More than ever, the health of our economy rests on having a highly-skilled and well-educated workforce," Rahall said. "College access is the key to our remaining strong in the face of an increasingly competitive global economy. The doors to our centers for learning should be open and affordable to all who wish to continue their education."

Half of the student-loan borrowers who would benefit under this legislation have family incomes between \$26,000 and \$68,000, according to the Congressional Research Service; the median family income of borrowers was \$45,000 in 2003-2004. This is well below the overall U.S. median family income of approximately \$54,000, according to the Economic Policy Institute.

"This legislation will help ease this misery tax that is burdening our leaders of tomorrow and their families," Rahall said. "It is imperative that we do all we can to reverse the raid on student aid that has occurred under this Administration."

The bill is the first component of Democrats' plans to make college more affordable and accessible - a top priority of the Democratic leadership. Democrats also plan to raise the maximum Pell Grant scholarship, and work with students, colleges, and other relevant stakeholders to examine increasing tuition costs.

Cutting student loan interest rates is supported by 88 percent of the American public - with a majority of Republicans, Independents, and Democrats all in support. Rahall noted that this bill is supported by dozens of organizations, including the American Council on Education, National Association of Independent Colleges and Universities, American Association for State Colleges and Universities, American Association of Community Colleges, Alliance for Equity in Higher Education, Hispanic Association of Colleges and Universities, College Board, College Parents of America, and the Institute for Higher Education Policy.